

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 344 - SB 288**

January 26, 2021

**SUMMARY OF BILL:** Changes the definition of blighted area as it relates to certain areas which may be acquired by housing authorities through the use of eminent domain. Specifies that housing authorities are not precluded from acquiring real property through a negotiated sale or pay more than fair market value for property within a blighted area which is not blighted itself.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – The extent and timing of any permissive impact to local government revenue and expenditures cannot reasonably be determined due to multiple unknown factors.**

Assumptions:

- Pursuant to Tenn. Code Ann. § 13-20-104(a)(17), § 13-20-201, and § 13-20-202 housing authorities are authorized to acquire, through the use of eminent domain, areas of blight, if such areas are determined to be detrimental to the safety and welfare of the community for purposes of redevelopment.
- The proposed language establishes:
  - Each parcel of property within blighted areas must be determined to be a detriment to the safety and welfare to the community in order to be acquired through eminent domain;
  - Housing authorities are not precluded from acquiring such property through a negotiated sale; and
  - Housing authorities are authorized to pay an amount greater than fair market value for property within a blighted area which is not blighted itself.
- Passage of the proposed language may result in:
  - Fewer acquisitions of blighted area through eminent domain by housing authorities, resulting in a permissive decrease in local government revenue and expenditures;
  - Housing authorities acquiring property at a negotiated sale; resulting in a permissive increase in local government revenue and expenditures; or
  - Housing authorities purchasing property for an amount greater than fair market value; resulting in a permissive increase in local government revenue and expenditures.

- A precise permissive impact to local government revenue and expenditures is dependent upon multiple unknown factors, including but not limited to, the extent of properties which housing authorities will be unable to acquire through eminent domain due to individual parcel determinations; the extent of properties which housing authorities will acquire through negotiated sale; the extent of properties which housing authorities will purchase for an amount greater than fair market value; the extent of any compensation supplied to the property owner; and the extent of any revenue increase realized through various sources, such as increased property values of surrounding properties, as a result of such property redevelopment.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive, flowing style.

Bojan Savic, Interim Executive Director

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